

**THE HONORABLE GARY M. WILLIAMS
CLERK OF THE CIRCUIT COURT
of the
COUNTY OF SUSSEX**

**REPORT ON AUDIT
FOR THE PERIOD
APRIL 1, 2007 THROUGH SEPTEMBER 30, 2008**



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Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295

Richmond, Virginia 23218

Walter J. Kucharski, Auditor

April 13, 2009

The Honorable Gary M. Williams
Clerk of the Circuit Court
County of Sussex

Board of Supervisors
County of Sussex

Audit Period: April 1, 2007 through September 30, 2008
Court System: County of Sussex

We have audited the cash receipts and disbursements of the Clerk of the Circuit Court for this Court System and for the period noted above. Our primary objectives were to test the accuracy of financial transactions recorded on the Court's financial management system; evaluate the Court's internal controls; and test its compliance with significant state laws, regulations, and policies.

Management's Responsibility

Court management has responsibility for establishing and maintaining internal controls and complying with applicable laws and regulations. Internal control is a process designed to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. Deficiencies in internal controls could possibly lead to the loss of revenues or assets, or otherwise compromise fiscal accountability.

Financial Matters

We noted instances of improper recording and reporting of financial transactions in the Court's financial management system.

Internal Controls

We noted no matters involving internal control and its operation necessary to bring to management's attention.

Compliance

The results of our tests of compliance with applicable laws and regulations disclosed instances of noncompliance that are required to be reported.

The issues identified above are discussed in the section titled Comments to Management. Any response and written corrective action plan to remediate these issues provided by the Clerk are included as an enclosure to this report.

We discussed these comments with the Clerk and we acknowledge the cooperation extended to us by the court during this engagement.

AUDITOR OF PUBLIC ACCOUNTS

WJK:alh

cc: The Honorable W. Allan Sharrett, Chief Judge
Mary E. Jones, County Administrator
Robyn M. de Socio, Executive Secretary
Compensation Board
Paul F. DeLosh, Director of Judicial Services
Supreme Court of Virginia
Director, Admin and Public Records
Department of Accounts

COMMENTS TO MANAGEMENT

Internal Controls

We noted the following matters involving internal control and its operation that could lead to the loss of revenues, assets, or otherwise compromise the Clerk's fiscal accountability.

Improve Accounting for Funds Held for Others

The Clerk does not keep accurate records of the trust funds and other monies, he holds for others. We found the following recordkeeping errors:

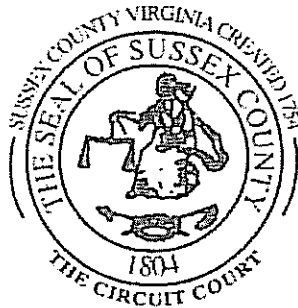
- The Clerk does not receive and review the bank statements for trust fund accounts he holds under Section 8.01-600 of the Code of Virginia. Further, because he does not receive the bank statements, he does not post interest earnings to the individual accounts.
- By not keeping accurate records, the annual report required by Section 8.01-600 of the Code of Virginia is inaccurate and incomplete.
- We tested seven court orders requiring the Clerk to temporarily hold funds for others and found the Clerk did not properly record any of the items correctly. There are separate accounts for these funds in the Financial Management System (the court accounting system), however, the Clerk recorded all of the funds in the accounts used for Section 8.01-600 of the Code of Virginia rather than the appropriate accounts.

The Clerk needs to follow the procedures for recording transactions as outlined in the Financial Management System User Guide and should receive training in this area. Additionally, he should receive all appropriate bank information and record the transaction in the accounting system.

CLERK'S OFFICE
Circuit Court of Sussex County

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(434) 246-1012

SIXTH JUDICIAL CIRCUIT
RUEL E. CAMPBELL, JUDGE
ALLAN SHARRETT, JUDGE



GARY M. WILLIAMS, CLERK
CAROLYN P. MATTHEWS, DEPUTY CL
SANDRA J. BLUNT, DEPUTY CLERK

25 March 2009

Ms. Tracy Vaughan
Judicial Systems Audit Senior Specialist
Southside Team Leader
P. O. Box 1295
Richmond, Virginia 23218

IN RE: Audit of Clerk of the Circuit Court, 4/1/2007-9/30/2008

Dear Ms. Vaughan:

Pursuant to your communication of 24 March regarding a correction action plan for improper recording and reporting of financial transactions of this office, specifically the handling of Court Trust Funds, I can advise you that since the above audit, I have

- 1) disbursed one of the two remaining Trust Fund accounts by court order, having first included a proper regard for the accrued interest by obtaining this from the bank and by making the necessary voucher entry;
- 2) posted accrued interest for the remaining Trust Fund account, which is being held for an infant who will attain his majority in June 2009;
- 3) recognized there are funds receipted in the past as Trust Funds, which although remain Court Funds, are no longer relevant to minors and incompetent persons, for which Trust Funds apply, and have accordingly reclassified these funds under Code 522, removing them from Code 511, Trust Funds (It is anticipated that these funds will be disbursed during the present calendar year).

I believe these actions will rectify the shortcomings noted in the audit, and if there are further concerns, please let me know.

Sincerely,

Gary M. Williams
Clerk